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HOUSE COMMERCE AND ENERGY ENGROSSED NO. **HB 1059** - 1/30/2012

Introduced by: Representatives Lust, Feinstein, and Gosch and Senators Nygaard and Cutler

1 FOR AN ACT ENTITLED, An Act to revise Article 9 of the Uniform Commercial Code.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. That § 57A-9-102 be amended to read as follows:

4 57A-9-102. (a) In this chapter:

5 (1) "Accession" means goods that are physically united with other goods in such a
6 manner that the identity of the original goods is not lost.

7 (2) "Account," except as used in "account for," means a right to payment of a monetary
8 obligation, whether or not earned by performance, (i) for property that has been or
9 is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services
10 rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv)
11 for a secondary obligation incurred or to be incurred, (v) for energy provided or to be
12 provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii)
13 arising out of the use of a credit or charge card or information contained on or for use
14 with the card, or (viii) as winnings in a lottery or other game of chance operated or
15 sponsored by a state, governmental unit of a state, or person licensed or authorized



1 to operate the game by a state or governmental unit of a state. The term includes
2 health-care-insurance receivables. The term does not include (i) rights to payment
3 evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit
4 accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or
5 (vi) rights to payment for money or funds advanced or sold, other than rights arising
6 out of the use of a credit or charge card or information contained on or for use with
7 the card.

8 (3) "Account debtor" means a person obligated on an account, chattel paper, or general
9 intangible. The term does not include persons obligated to pay a negotiable
10 instrument, even if the instrument constitutes part of chattel paper.

11 (4) "Accounting," except as used in "accounting for," means a record:

12 (A) Authenticated by a secured party;

13 (B) Indicating the aggregate unpaid secured obligations as of a date not more than
14 35 days earlier or 35 days later than the date of the record; and

15 (C) Identifying the components of the obligations in reasonable detail.

16 (5) "Agricultural lien" means an interest, other than a security interest, in farm products:

17 (A) Which secures payment or performance of an obligation for:

18 (i) Goods or services furnished in connection with a debtor's farming
19 operation; or

20 (ii) Rent on real property leased by a debtor in connection with its farming
21 operation;

22 (B) Which is created by statute in favor of a person that:

23 (i) In the ordinary course of its business furnished goods or services to a
24 debtor in connection with a debtor's farming operation; or

1 (ii) Leased real property to a debtor in connection with the debtor's farming
2 operation; and

3 (C) Whose effectiveness does not depend on the person's possession of the
4 personal property.

5 (6) "As-extracted collateral" means:

6 (A) Oil, gas, or other minerals that are subject to a security interest that:

7 (i) Is created by a debtor having an interest in the minerals before
8 extraction; and

9 (ii) Attaches to the minerals as extracted; or

10 (B) Accounts arising out of the sale at the wellhead or minehead of oil, gas, or
11 other minerals in which the debtor had an interest before extraction.

12 (7) "Authenticate" means:

13 (A) To sign; or

14 (B) ~~To execute or otherwise adopt a symbol, or encrypt or similarly process a~~
15 ~~record in whole or in part, with the present intent of the authenticating person~~
16 ~~to identify the person and adopt or accept a record~~ With present intent to adopt
17 or accept a record, to attach to or logically associate with the record an
18 electronic sound, symbol, or process.

19 (8) "Bank" means an organization that is engaged in the business of banking. The term
20 includes savings banks, savings and loan associations, credit unions, and trust
21 companies.

22 (9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the
23 like.

24 (10) "Certificate of title" means a certificate of title with respect to which a statute

provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

(11) "Chattel paper" means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this paragraph, "monetary obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

(12) "Collateral" means the property subject to a security interest or agricultural lien. The term includes:

(A) Proceeds to which a security interest attaches;

(B) Accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

1 (C) Goods that are the subject of a consignment.

2 (13) "Commercial tort claim" means a claim arising in tort with respect to which:

3 (A) The claimant is an organization; or

4 (B) The claimant is an individual and the claim:

5 (i) Arose in the course of the claimant's business or profession; and

6 (ii) Does not include damages arising out of personal injury to or the death
7 of an individual.

8 (14) "Commodity account" means an account maintained by a commodity intermediary
9 in which a commodity contract is carried for a commodity customer.

10 (15) "Commodity contract" means a commodity futures contract, an option on a
11 commodity futures contract, a commodity option, or another contract if the contract
12 or option is:

13 (A) Traded on or subject to the rules of a board of trade that has been designated
14 as a contract market for such a contract pursuant to federal commodities laws;
15 or

16 (B) Traded on a foreign commodity board of trade, exchange, or market, and is
17 carried on the books of a commodity intermediary for a commodity customer.

18 (16) "Commodity customer" means a person for which a commodity intermediary carries
19 a commodity contract on its books.

20 (17) "Commodity intermediary" means a person that:

21 (A) Is registered as a futures commission merchant under federal commodities
22 law; or

23 (B) In the ordinary course of its business provides clearance or settlement services
24 for a board of trade that has been designated as a contract market pursuant to

1 federal commodities law.

2 (18) "Communicate" means:

3 (A) To send a written or other tangible record;

4 (B) To transmit a record by any means agreed upon by the persons sending and
5 receiving the record; or

6 (C) In the case of transmission of a record to or by a filing office, to transmit a
7 record by any means prescribed by filing-office rule.

8 (19) "Consignee" means a merchant to which goods are delivered in a consignment.

9 (20) "Consignment" means a transaction, regardless of its form, in which a person delivers
10 goods to a merchant for the purpose of sale and:

11 (A) The merchant:

12 (i) Deals in goods of that kind under a name other than the name of the
13 person making delivery;

14 (ii) Is not an auctioneer; and

15 (iii) Is not generally known by its creditors to be substantially engaged in
16 selling the goods of others;

17 (B) With respect to each delivery, the aggregate value of the goods is \$1,000 or
18 more at the time of delivery;

19 (C) The goods are not consumer goods immediately before delivery; and

20 (D) The transaction does not create a security interest that secures an obligation.

21 (21) "Consignor" means a person that delivers goods to a consignee in a consignment.

22 (22) "Consumer debtor" means a debtor in a consumer transaction.

23 (23) "Consumer goods" means goods that are used or bought for use primarily for
24 personal, family, or household purposes.

- 1 (24) "Consumer-goods transaction" means a consumer transaction in which:
- 2 (A) An individual incurs an obligation primarily for personal, family, or household
- 3 purposes; and
- 4 (B) A security interest in consumer goods secures the obligation.
- 5 (25) "Consumer obligor" means an obligor who is an individual and who incurred the
- 6 obligation as part of a transaction entered into primarily for personal, family, or
- 7 household purposes.
- 8 (26) "Consumer transaction" means a transaction in which (i) an individual incurs an
- 9 obligation primarily for personal, family, or household purposes, (ii) a security
- 10 interest secures the obligation, and (iii) the collateral is held or acquired primarily for
- 11 personal, family, or household purposes. The term includes consumer-goods
- 12 transactions.
- 13 (27) "Continuation statement" means an amendment of a financing statement which:
- 14 (A) Identifies, by its file number, the initial financing statement to which it relates;
- 15 and
- 16 (B) Indicates that it is a continuation statement for, or that it is filed to continue
- 17 the effectiveness of, the identified financing statement.
- 18 (28) "Debtor" means:
- 19 (A) A person having an interest, other than a security interest or other lien, in the
- 20 collateral, whether or not the person is an obligor;
- 21 (B) A seller of accounts, chattel paper, payment intangibles, or promissory notes;
- 22 or
- 23 (C) A consignee.
- 24 (29) "Deposit account" means a demand, time, savings, passbook, or similar account

maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

(30) "Document" means a document of title or a receipt of the type described in § 57A-7-201(b).

(31) "Electronic chattel paper" means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(32) "Encumbrance" means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

(33) "Equipment" means goods other than inventory, farm products, or consumer goods.

(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) Crops grown, growing, or to be grown, including:

(i) Crops produced on trees, vines, and bushes; and

(ii) Aquatic goods produced in aquacultural operations;

(B) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) Supplies used or produced in a farming operation; or

(D) Products of crops or livestock in their unmanufactured states.

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement pursuant to § 57A-9-519(a).

(37) "Filing office" means an office designated in § 57A-9-501 as the place to file a financing statement.

1 (38) "Filing-office rule" means a rule adopted pursuant to § 57A-9-526.

2 (39) "Financing statement" means a record or records composed of an initial financing
3 statement and any filed record relating to the initial financing statement.

4 (40) "Fixture filing" means the filing of a financing statement covering goods that are or
5 are to become fixtures and satisfying § 57A-9-502(a) and (b). The term includes the
6 filing of a financing statement covering goods of a transmitting utility which are or
7 are to become fixtures.

8 (41) "Fixtures" means goods that have become so related to particular real property that
9 an interest in them arises under real property law.

10 (42) "General intangible" means any personal property, including things in action, other
11 than accounts, chattel paper, commercial tort claims, deposit accounts, documents,
12 goods, instruments, investment property, letter-of-credit rights, letters of credit,
13 money, and oil, gas, or other minerals before extraction. The term includes payment
14 intangibles and software.

15 (43) ~~(Reserved.)~~ "Good faith" means honesty in fact and the observance of reasonable
16 commercial standards of fair dealing.

17 (44) "Goods" means all things that are movable when a security interest attaches. The
18 term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a
19 conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown,
20 growing, or to be grown, even if the crops are produced on trees, vines, or bushes,
21 and (v) manufactured homes. The term also includes a computer program embedded
22 in goods and any supporting information provided in connection with a transaction
23 relating to the program if (i) the program is associated with the goods in such a
24 manner that it customarily is considered part of the goods, or (ii) by becoming the

owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

(45) "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

(46) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided.

(47) "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

(48) "Inventory" means goods, other than farm products, which:

(A) Are leased by a person as lessor;

(B) Are held by a person for sale or lease or to be furnished under a contract of

1 service;

2 (C) Are furnished by a person under a contract of service; or

3 (D) Consist of raw materials, work in process, or materials used or consumed in
4 a business.

5 (49) "Investment property" means a security, whether certificated or uncertificated,
6 security entitlement, securities account, commodity contract, or commodity account.

7 (50) "Jurisdiction of organization" with respect to a registered organization, means the
8 jurisdiction under whose law the organization is formed or organized.

9 (51) "Letter-of-credit right" means a right to payment or performance under a letter of
10 credit, whether or not the beneficiary has demanded or is at the time entitled to
11 demand payment or performance. The term does not include the right of a beneficiary
12 to demand payment or performance under a letter of credit.

13 (52) "Lien creditor" means:

14 (A) A creditor that has acquired a lien on the property involved by attachment,
15 levy, or the like;

16 (B) An assignee for benefit of creditors from the time of assignment;

17 (C) A trustee in bankruptcy from the date of the filing of the petition; or

18 (D) A receiver in equity from the time of appointment.

19 (53) "Manufactured home" means a structure, transportable in one or more sections,
20 which, in the traveling mode, is eight body feet or more in width or 40 body feet or
21 more in length, or, when erected on site, is 320 or more square feet, and which is
22 built on a permanent chassis and designed to be used as a dwelling with or without
23 a permanent foundation when connected to the required utilities, and includes the
24 plumbing, heating, air-conditioning, and electrical systems contained therein. The

term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

(54) "Manufactured-home transaction" means a secured transaction:

(A) That creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(B) In which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

(55) "Mortgage" means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

(56) "New debtor" means a person that becomes bound as debtor under § 57A-9-203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) "Noncash proceeds" means proceeds other than cash proceeds.

(59) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

1 (60) "Original debtor," except as used in § 57A-9-310(c), means a person that, as debtor,
2 entered into a security agreement to which a new debtor has become bound under
3 § 57A-9-203(d).

4 (61) "Payment intangible" means a general intangible under which the account debtor's
5 principal obligation is a monetary obligation.

6 (62) "Person related to," with respect to an individual, means:

7 (A) The spouse of the individual;

8 (B) A brother, brother-in-law, sister, or sister-in-law of the individual;

9 (C) An ancestor or lineal descendant of the individual or the individual's spouse;
10 or

11 (D) Any other relative, by blood or marriage, of the individual or the individual's
12 spouse who shares the same home with the individual.

13 (63) "Person related to," with respect to an organization, means:

14 (A) A person directly or indirectly controlling, controlled by, or under common
15 control with the organization;

16 (B) An officer or director of, or a person performing similar functions with respect
17 to, the organization;

18 (C) An officer or director of, or a person performing similar functions with respect
19 to, a person described in subparagraph (A);

20 (D) The spouse of an individual described in subparagraph (A), (B), or (C); or

21 (E) An individual who is related by blood or marriage to an individual described
22 in subparagraph (A), (B), (C), or (D) and shares the same home with the
23 individual.

24 (64) "Proceeds," except as used in § 57A-9-609(b), means the following property:

- 1 (A) Whatever is acquired upon the sale, lease, license, exchange, or other
2 disposition of collateral;
- 3 (B) Whatever is collected on, or distributed on account of, collateral;
- 4 (C) Rights arising out of collateral;
- 5 (D) To the extent of the value of collateral, claims arising out of the loss,
6 nonconformity, or interference with the use of, defects or infringement of
7 rights in, or damage to, the collateral; or
- 8 (E) To the extent of the value of collateral and to the extent payable to the debtor
9 or the secured party, insurance payable by reason of the loss or nonconformity
10 of, defects or infringement of rights in, or damage to, the collateral.
- 11 (65) "Promissory note" means an instrument that evidences a promise to pay a monetary
12 obligation, does not evidence an order to pay, and does not contain an
13 acknowledgment by a bank that the bank has received for deposit a sum of money or
14 funds.
- 15 (66) "Proposal" means a record authenticated by a secured party which includes the terms
16 on which the secured party is willing to accept collateral in full or partial satisfaction
17 of the obligation it secures pursuant to §§ 57A-9-620, 57A-9-621, and 57A-9-622.
- 18 (67) "Public-finance transaction" means a secured transaction in connection with which:
19 (A) Debt or other securities are issued; and
20 (B) The debtor, obligor, secured party, account debtor or other person obligated
21 on collateral, assignor or assignee of a secured obligation, or assignor or
22 assignee of a security interest is a state or a governmental unit of a state.
- 23 (68) "Public organic record" means a record that is available to the public for inspection
24 and is:

1 (A) A record consisting of the record initially filed with or issued by a state or the
2 United States to form or organize an organization and any record filed with or
3 issued by the state or the United States which amends or restates the original
4 record;

5 (B) An organic record of a business trust consisting of the record initially filed
6 with a state and any record filed with the state which amends or restates the
7 initial record, if a statute of the state governing business trusts requires that the
8 record be filed with the state; or

9 (C) A record consisting of legislation enacted by the Legislature of a state or the
10 Congress of the United States which forms or organizes an organization, any
11 record amending the legislation, and any record filed with or issued by the
12 state or the United States which amends or restates the name of the
13 organization.

14 (69) "Pursuant to commitment," with respect to an advance made or other value given by
15 a secured party, means pursuant to the secured party's obligation, whether or not a
16 subsequent event of default or other event not within the secured party's control has
17 relieved or may relieve the secured party from its obligation.

18 ~~(69)~~(70) "Record," except as used in "for record," "of record," "record or legal title,"
19 and "record owner," means information that is inscribed on a tangible medium
20 or which is stored in an electronic or other medium and is retrievable in
21 perceivable form.

22 ~~(70)~~(71) "Registered organization" means an organization organized solely under the
23 law of a single state or the United States ~~and as to which the state or the~~
24 ~~United States must maintain a public record showing the organization to have~~

1 ~~been organized by the filing of a public organic record with, the issuance of~~
2 ~~a public organic record by, or the enactment of legislation by the state or the~~
3 ~~United States. The term includes a business trust that is formed or organized~~
4 ~~under the law of a single state if a statute of the state governing business trusts~~
5 ~~requires that the business trust's organic record be filed with the state.~~

6 ~~(71)~~(72) "Secondary obligor" means an obligor to the extent that:

7 (A) The obligor's obligation is secondary; or

8 (B) The obligor has a right of recourse with respect to an obligation secured by
9 collateral against the debtor, another obligor, or property of either.

10 ~~(72)~~(73) "Secured party" means:

11 (A) A person in whose favor a security interest is created or provided for under a
12 security agreement, whether or not any obligation to be secured is outstanding;

13 (B) A person that holds an agricultural lien;

14 (C) A consignor;

15 (D) A person to which accounts, chattel paper, payment intangibles, or promissory
16 notes have been sold;

17 (E) A trustee, indenture trustee, agent, collateral agent, or other representative in
18 whose favor a security interest or agricultural lien is created or provided for;
19 or

20 (F) A person that holds a security interest arising under §§ 57A-2-401, 57A-2-505,
21 57A-2-711(3), 57A-2A-508(5), 57A-4-210, or 57A-5-118.

22 ~~(73)~~(74) "Security agreement" means an agreement that creates or provides for a
23 security interest.

24 ~~(74)~~(75) "Send," in connection with a record or notification, means:

1 (A) To deposit in the mail, deliver for transmission, or transmit by any other usual
2 means of communication, with postage or cost of transmission provided for,
3 addressed to any address reasonable under the circumstances; or

4 (B) To cause the record or notification to be received within the time that it would
5 have been received if properly sent under subparagraph (A).

6 ~~(75)~~(76) "Software" means a computer program and any supporting information
7 provided in connection with a transaction relating to the program. The term
8 does not include a computer program that is included in the definition of
9 goods.

10 ~~(76)~~(77) "State" means a state of the United States, the District of Columbia, Puerto
11 Rico, the United States Virgin Islands, or any territory or insular possession
12 subject to the jurisdiction of the United States.

13 ~~(77)~~(78) "Supporting obligation" means a letter-of-credit right or secondary obligation
14 that supports the payment or performance of an account, chattel paper, a
15 document, a general intangible, an instrument, or investment property.

16 ~~(78)~~(79) "Tangible chattel paper" means chattel paper evidenced by a record or records
17 consisting of information that is inscribed on a tangible medium.

18 ~~(79)~~(80) "Termination statement" means an amendment of a financing statement which:

19 (A) Identifies, by its file number, the initial financing statement to which it relates;
20 and

21 (B) Indicates either that it is a termination statement or that the identified
22 financing statement is no longer effective.

23 ~~(80)~~(81) "Transmitting utility" means a person primarily engaged in the business of:

24 (A) Operating a railroad, subway, street railway, or trolley bus;

- 1 (B) Transmitting communications electrically, electromagnetically, or by light;
- 2 (C) Transmitting goods by pipeline or sewer; or
- 3 (D) Transmitting or producing and transmitting electricity, steam, gas, or water.

4 (b) The following definitions in other sections apply to this chapter:

5 "Applicant." § 57A-5-102.

6 "Broker." § 57A-8-102.

7 "Certificated security." § 57A-8-102.

8 "Check." § 57A-3-104.

9 "Clearing corporation." § 57A-8-102.

10 "Contract for sale." § 57A-2-106.

11 "Control" (with respect to a document of title) § 57A-7-106.

12 "Customer." § 57A-4-104.

13 "Entitlement holder." § 57A-8-102.

14 "Financial asset." § 57A-8-102.

15 "Holder in due course." § 57A-3-302.

16 "Issuer" (with respect to a letter of credit or letter-of-credit right). § 57A-5-102.

17 "Issuer" (with respect to a security). § 57A-8-201.

18 "Lease." § 57A-2A-103.

19 "Lease agreement." § 57A-2A-103.

20 "Lease contract." § 57A-2A-103.

21 "Leasehold interest." § 57A-2A-103.

22 "Lessee." § 57A-2A-103.

23 "Lessee in ordinary course of business." § 57A-2A-103.

24 "Lessor." § 57A-2A-103.

1 "Lessor's residual interest." § 57A-2A-103.

2 "Letter of credit." § 57A-5-102.

3 "Merchant." § 57A-2-104.

4 "Negotiable instrument." § 57A-3-104.

5 "Nominated person." § 57A-5-102.

6 "Note." § 57A-3-104.

7 "Proceeds of a letter of credit." § 57A-5-114.

8 "Prove." § 57A-3-103.

9 "Sale." § 57A-2-106.

10 "Securities account." § 57A-8-501.

11 "Securities intermediary." § 57A-8-102.

12 "Security." § 57A-8-102.

13 "Security certificate." § 57A-8-102.

14 "Security entitlement." § 57A-8-102.

15 "Uncertificated security." § 57A-8-102.

16 (c) SDCL chapter 57A-1 contains general definitions and principles of construction and
17 interpretation applicable throughout this chapter.

18 Section 2. That § 57A-9-105 be amended to read as follows:

19 57A-9-105. (a) A secured party has control of electronic chattel paper if a system employed
20 for evidencing the transfer of interests in the chattel paper reliably establishes the secured party
21 as the person to which the chattel paper was assigned.

22 (b) A system satisfies subsection (a) and a secured party has control of electronic chattel
23 paper, if the record or records comprising the chattel paper are created, stored, and assigned in
24 such a manner that:

- 1 (1) A single authoritative copy of the record or records exists which is unique,
2 identifiable and, except as otherwise provided in paragraphs (4), (5), and (6),
3 unalterable;
- 4 (2) The authoritative copy identifies the secured party as the assignee of the record or
5 records;
- 6 (3) The authoritative copy is communicated to and maintained by the secured party or
7 its designated custodian;
- 8 (4) Copies or ~~revisions~~ amendments that add or change an identified assignee of the
9 authoritative copy can be made only with the ~~participation~~ consent of the secured
10 party;
- 11 (5) Each copy of the authoritative copy and any copy of a copy is readily identifiable as
12 a copy that is not the authoritative copy; and
- 13 (6) Any ~~revision~~ amendment of the authoritative copy is readily identifiable as ~~an~~
14 authorized or unauthorized ~~revision~~.

15 Section 3. That § 57A-9-307 be amended to read as follows:

16 57A-9-307. (a) In this section, "place of business" means a place where a debtor conducts
17 its affairs.

18 (b) Except as otherwise provided in this section, the following rules determine a debtor's
19 location:

- 20 (1) A debtor who is an individual is located at the individual's principal residence.
- 21 (2) A debtor that is an organization and has only one place of business is located at its
22 place of business.
- 23 (3) A debtor that is an organization and has more than one place of business is located
24 at its chief executive office.

(c) Subsection (b) applies only if a debtor's residence, place of business, or chief executive office, as applicable, is located in a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, recording, or registration system as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. If subsection (b) does not apply, the debtor is located in the District of Columbia.

(d) A person that ceases to exist, have a residence, or have a place of business continues to be located in the jurisdiction specified by subsections (b) and (c).

(e) A registered organization that is organized under the law of a state is located in that state.

(f) Except as otherwise provided in subsection (i), a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a State are located:

(1) In the state that the law of the United States designates, if the law designates a state of location;

(2) In the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location, including by designating its main office, home office, or other comparable office; or

(3) In the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

(g) A registered organization continues to be located in the jurisdiction specified by subsection (e) or (f) notwithstanding:

(1) The suspension, revocation, forfeiture, or lapse of the registered organization's status as such in its jurisdiction of organization; or

(2) The dissolution, winding up, or cancellation of the existence of the registered

1 organization.

2 (h) The United States is located in the District of Columbia.

3 (i) A branch or agency of a bank that is not organized under the law of the United States or
4 a state is located in the state in which the branch or agency is licensed, if all branches and
5 agencies of the bank are licensed in only one state.

6 (j) A foreign air carrier under the Federal Aviation Act of 1958, as amended, is located at
7 the designated office of the agent upon which service of process may be made on behalf of the
8 carrier.

9 (k) This section applies only for purposes of this part.

10 Section 4. That § 57A-9-311 be amended to read as follows:

11 57A-9-311. (a) Except as otherwise provided in subsection (d), the filing of a financing
12 statement is not necessary or effective to perfect a security interest in property subject to:

13 (1) A statute, regulation, or treaty of the United States whose requirements for a security
14 interest's obtaining priority over the rights of a lien creditor with respect to the
15 property preempt § 57A-9-310(a);

16 (2) A certificate-of-title statute of this state under the law of which indication of a
17 security interest on the certificate of title is required as a condition of perfection; or

18 (3) A ~~certificate-of-title~~ statute of another jurisdiction which provides for a security
19 interest to be indicated on ~~the~~ a certificate of title as a condition or result of the
20 security interest's obtaining priority over the rights of a lien creditor with respect to
21 the property.

22 (b) Compliance with the requirements of a statute, regulation, or treaty described in
23 subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing
24 of a financing statement under this article. Except as otherwise provided in subsection (d) and

1 §§ 57A-9-313 and 57A-9-316(d) and (e) for goods covered by a certificate of title, a security
2 interest in property subject to a statute, regulation, or treaty described in subsection (a) may be
3 perfected only by compliance with those requirements, and a security interest so perfected
4 remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

5 (c) Except as otherwise provided in subsection (d) and § 57A-9-316(d) and (e), duration and
6 renewal of perfection of a security interest perfected by compliance with the requirements
7 prescribed by a statute, regulation, or treaty described in subsection (a) are governed by the
8 statute, regulation, or treaty. In other respects, the security interest is subject to this article.

9 (d) During any period in which collateral subject to a statute specified in subsection (a)(2)
10 is inventory held for sale or lease by a person or leased by that person as lessor and that person
11 is in the business of selling goods of that kind, this section does not apply to a security interest
12 in that collateral created by that person.

13 Section 5. That § 57A-9-316 be amended to read as follows:

14 57A-9-316. (a) A security interest perfected pursuant to the law of the jurisdiction
15 designated in § 57A-9-301(1) or 57A-9-305(c) remains perfected until the earliest of:

16 (1) The time perfection would have ceased under the law of that jurisdiction;

17 (2) The expiration of four months after a change of the debtor's location to another
18 jurisdiction; or

19 (3) The expiration of one year after a transfer of collateral to a person that thereby
20 becomes a debtor and is located in another jurisdiction.

21 (b) If a security interest described in subsection (a) becomes perfected under the law of the
22 other jurisdiction before the earliest time or event described in that subsection, it remains
23 perfected thereafter. If the security interest does not become perfected under the law of the other
24 jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to

1 have been perfected as against a purchaser of the collateral for value.

2 (c) A possessory security interest in collateral, other than goods covered by a certificate of
3 title and as-extracted collateral consisting of goods, remains continuously perfected if:

4 (1) The collateral is located in one jurisdiction and subject to a security interest perfected
5 under the law of that jurisdiction;

6 (2) Thereafter the collateral is brought into another jurisdiction; and

7 (3) Upon entry into the other jurisdiction, the security interest is perfected under the law
8 of the other jurisdiction.

9 (d) Except as otherwise provided in subsection (e), a security interest in goods covered by
10 a certificate of title which is perfected by any method under the law of another jurisdiction when
11 the goods become covered by a certificate of title from this State remains perfected until the
12 security interest would have become unperfected under the law of the other jurisdiction had the
13 goods not become so covered.

14 (e) A security interest described in subsection (d) becomes unperfected as against a
15 purchaser of the goods for value and is deemed never to have been perfected as against a
16 purchaser of the goods for value if the applicable requirements for perfection under § 57A-9-
17 311(b) or 57A-9-313 are not satisfied before the earlier of:

18 (1) The time the security interest would have become unperfected under the law of the
19 other jurisdiction had the goods not become covered by a certificate of title from this
20 state; or

21 (2) The expiration of four months after the goods had become so covered.

22 (f) A security interest in deposit accounts, letter-of-credit rights, or investment property
23 which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated
24 person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's

jurisdiction, as applicable, remains perfected until the earlier of:

- (1) The time the security interest would have become unperfected under the law of that jurisdiction; or
- (2) The expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

(g) If a security interest described in subsection (f) becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(h) The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:

- (1) A financing statement filed before the change pursuant to the law of the jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c) is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location;
- (2) If a security interest perfected by a financing statement that is effective under paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c) or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been

1 perfected as against a purchaser of the collateral for value.

2 (i) If a financing statement naming an original debtor is filed pursuant to the law of the
3 jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c) and the new debtor is located in
4 another jurisdiction, the following rules apply:

5 (1) The financing statement is effective to perfect a security interest in collateral in
6 which the new debtor has or acquires rights before or within four months after the
7 new debtor becomes bound under § 57A-9-203(d), if the financing statement would
8 have been effective to perfect a security interest in the collateral if the collateral been
9 acquired by the original debtor.

10 (2) A security interest perfected by the financing statement and which becomes perfected
11 under the law of the other jurisdiction before the earlier of the expiration of the four-
12 month period or the time the financing statement would have become ineffective
13 under the law of the jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c)
14 remains perfected thereafter. A security interest that is perfected by the financing
15 statement but which does not become perfected under the law of the other
16 jurisdiction before the earlier time or event becomes unperfected and is deemed never
17 to have been perfected as against a purchaser of the collateral for value.

18 Section 6. That § 57A-9-317 be amended to read as follows:

19 57A-9-317. (a) A security interest or agricultural lien is subordinate to the rights of:

20 (1) A person entitled to priority under § 57A-9-322; and

21 (2) Except as otherwise provided in subsection (e), a person that becomes a lien creditor
22 before the earlier of the time:

23 (A) The security interest or agricultural lien is perfected; or

24 (B) One of the conditions specified in § 57A-9-203(b)(3) is met and a financing

1 statement covering the collateral is filed.

2 (b) Except as otherwise provided in subsection (e), a buyer, other than a secured party, of
3 tangible chattel paper, tangible documents, goods, instruments, or a certified security ~~certificate~~
4 takes free of a security interest or agricultural lien if the buyer gives value and receives delivery
5 of the collateral without knowledge of the security interest or agricultural lien and before it is
6 perfected.

7 (c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a security
8 interest or agricultural lien if the lessee gives value and receives delivery of the collateral
9 without knowledge of the security interest or agricultural lien and before it is perfected.

10 (d) A licensee of a general intangible or a buyer, other than a secured party, of ~~accounts,~~
11 ~~electronic chattel paper, electronic documents, general intangibles, or investment property~~
12 collateral other than tangible chattel paper, tangible documents, goods, instruments, or a
13 certificated security takes free of a security interest if the licensee or buyer gives value without
14 knowledge of the security interest and before it is perfected.

15 (e) Except as otherwise provided in § 57A-9-320 and 57A-9-321, if a person files a
16 financing statement with respect to a purchase-money security interest before or within 20 days
17 after the debtor receives delivery of the collateral, the security interest takes priority over the
18 rights of a buyer, lessee, or lien creditor which arise between the time the security interest
19 attaches and the time of filing.

20 Section 7. That § 57A-9-326 be amended to read as follows:

21 57A-9-326. (a) Subject to subsection (b), a security interest that is created by a new debtor
22 ~~which is~~ in collateral in which the new debtor has or acquires rights and is perfected by a filed
23 financing statement that ~~is effective solely under § 57A-9-508 in collateral in which a new~~
24 ~~debtor has or acquires rights~~ would be ineffective to perfect the security interest but for the

1 application of § 57A-9-508 or §§ 57A-9-508 and 57A-9-316(i)(1) is subordinate to a security
2 interest in the same collateral which is perfected other than by a filed financing statement that
3 is effective solely under § 57A-9-508.

4 (b) The other provisions of this part determine the priority among conflicting security
5 interests in the same collateral perfected by filed financing statements ~~that are effective solely~~
6 ~~under § 57A-9-508~~ described in subsection (a). However, if the security agreements to which
7 a new debtor became bound as debtor were not entered into by the same original debtor, the
8 conflicting security interests rank according to priority in time of the new debtor's having
9 become bound.

10 Section 8. That § 57A-9-406 be amended to read as follows:

11 57A-9-406. (a) Subject to subsections (b) through (i), an account debtor on an account,
12 chattel paper, or a payment intangible may discharge its obligation by paying the assignor until,
13 but not after, the account debtor receives a notification, authenticated by the assignor or the
14 assignee, that the amount due or to become due has been assigned and that payment is to be
15 made to the assignee. After receipt of the notification, the account debtor may discharge its
16 obligation by paying the assignee and may not discharge the obligation by paying the assignor.

17 (b) Subject to subsection (h), notification is ineffective under subsection (a):

18 (1) If it does not reasonably identify the rights assigned;

19 (2) To the extent that an agreement between an account debtor and a seller of a payment
20 intangible limits the account debtor's duty to pay a person other than the seller and
21 the limitation is effective under law other than this article; or

22 (3) At the option of an account debtor, if the notification notifies the account debtor to
23 make less than the full amount of any installment or other periodic payment to the
24 assignee, even if:

1 (A) Only a portion of the account, chattel paper, or payment intangible has been
2 assigned to that assignee;

3 (B) A portion has been assigned to another assignee; or

4 (C) The account debtor knows that the assignment to that assignee is limited.

5 (c) Subject to subsection (h), if requested by the account debtor, an assignee shall seasonably
6 furnish reasonable proof that the assignment has been made. Unless the assignee complies, the
7 account debtor may discharge its obligation by paying the assignor, even if the account debtor
8 has received a notification under subsection (a).

9 (d) Except as otherwise provided in subsection (e) and §§ 57A-2A-303 and 57A-9-407, and
10 subject to subsection (h), a term in an agreement between an account debtor and an assignor or
11 in a promissory note is ineffective to the extent that it:

12 (1) Prohibits, restricts, or requires the consent of the account debtor or person obligated
13 on the promissory note to the assignment or transfer of, or the creation, attachment,
14 perfection, or enforcement of a security interest in, the account, chattel paper,
15 payment intangible, or promissory note; or

16 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or
17 enforcement of the security interest may give rise to a default, breach, right of
18 recoupment, claim, defense, termination, right of termination, or remedy under the
19 account, chattel paper, payment intangible, or promissory note.

20 (e) Subsection (d) does not apply to the sale of a payment intangible or promissory note
21 other than a sale pursuant to a disposition under § 57A-9-610 or an acceptance of collateral
22 under § 57A-9-620.

23 (f) Except as otherwise provided in §§ 57A-2A-303 and 57A-9-407 and subject to
24 subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires

1 the consent of a government, governmental body or official, or account debtor to the assignment
2 or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to
3 the extent that the rule of law, statute, or regulation:

4 (1) Prohibits, restricts, or requires the consent of the government, governmental body or
5 official, or account debtor to the assignment or transfer of, or the creation,
6 attachment, perfection, or enforcement of a security interest in the account or chattel
7 paper; or

8 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or
9 enforcement of the security interest may give rise to a default, breach, right of
10 recoupment, claim, defense, termination, right of termination, or remedy under the
11 account or chattel paper.

12 (g) Subject to subsection (h), an account debtor may not waive or vary its option under
13 subsection (b)(3).

14 (h) This section is subject to law other than this article which establishes a different rule for
15 an account debtor who is an individual and who incurred the obligation primarily for personal,
16 family, or household purposes.

17 (i) This section does not apply to an assignment of a health-care-insurance receivable.

18 (j) This section prevails over any inconsistent statute.

19 Section 9. That § 57A-9-408 be amended to read as follows:

20 57A-9-408. (a) Except as otherwise provided in subsection (b), a term in a promissory note
21 or in an agreement between an account debtor and a debtor which relates to a
22 health-care-insurance receivable or a general intangible, including a contract, permit, license,
23 or franchise, and which term prohibits, restricts, or requires the consent of the person obligated
24 on the promissory note or the account debtor to, the assignment or transfer of, or creation,

1 attachment, or perfection of a security interest in, the promissory note, health-care-insurance
2 receivable, or general intangible, is ineffective to the extent that the term:

3 (1) Would impair the creation, attachment, or perfection of a security interest; or

4 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of
5 the security interest may give rise to a default, breach, right of recoupment, claim,
6 defense, termination, right of termination, or remedy under the promissory note,
7 health-care-insurance receivable, or general intangible.

8 (b) Subsection (a) applies to a security interest in a payment intangible or promissory note
9 only if the security interest arises out of a sale of the payment intangible or promissory note,
10 other than a sale pursuant to a disposition under § 57A-9-610 or an acceptance of collateral
11 under § 57A-9-620.

12 (c) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a
13 government, governmental body or official, person obligated on a promissory note, or account
14 debtor to the assignment or transfer of, or creation of a security interest in, a promissory note,
15 health-care-insurance receivable, or general intangible, including a contract, permit, license, or
16 franchise between an account debtor and a debtor, is ineffective to the extent that the rule of
17 law, statute, or regulation:

18 (1) Would impair the creation, attachment, or perfection of a security interest; or

19 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of
20 the security interest may give rise to a default, breach, right of recoupment, claim,
21 defense, termination, right of termination, or remedy under the promissory note,
22 health-care-insurance receivable, or general intangible.

23 (d) To the extent that a term in a promissory note or in an agreement between an account
24 debtor and a debtor which relates to a health-care-insurance receivable or general intangible or

1 a rule of law, statute, or regulation described in subsection (c) would be effective under law
2 other than this article but is ineffective under subsection (a) or (c), the creation, attachment, or
3 perfection of a security interest in the promissory note, health-care-insurance receivable, or
4 general intangible:

5 (1) Is not enforceable against the person obligated on the promissory note or the account
6 debtor;

7 (2) Does not impose a duty or obligation on the person obligated on the promissory note
8 or the account debtor;

9 (3) Does not require the person obligated on the promissory note or the account debtor
10 to recognize the security interest, pay or render performance to the secured party, or
11 accept payment or performance from the secured party;

12 (4) Does not entitle the secured party to use or assign the debtor's rights under the
13 promissory note, health-care-insurance receivable, or general intangible, including
14 any related information or materials furnished to the debtor in the transaction giving
15 rise to the promissory note, health-care-insurance receivable, or general intangible;

16 (5) Does not entitle the secured party to use, assign, possess, or have access to any trade
17 secrets or confidential information of the person obligated on the promissory note or
18 the account debtor; and

19 (6) Does not entitle the secured party to enforce the security interest in the promissory
20 note, health-care-insurance receivable, or general intangible.

21 (e) This section prevails over any inconsistent statute.

22 Section 10. That § 57A-9-502 be amended to read as follows:

23 57A-9-502. (a) Subject to subsection (b), a financing statement is sufficient only if it:

24 (1) Provides the name of the debtor and either the social security number or the internal

1 revenue service taxpayer identification number of the debtor;

2 (2) Provides the name of the secured party or a representative of the secured party; and

3 (3) Indicates the collateral covered by the financing statement.

4 (b) Except as otherwise provided in § 57A-9-501(b), to be sufficient, a financing statement
5 that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and
6 covers goods that are or are to become fixtures, must satisfy subsection (a) and also:

7 (1) Indicate that it covers this type of collateral;

8 (2) Indicate that it is to be filed for record in the real property records;

9 (3) Provide a description of the real property to which the collateral is related sufficient
10 to give constructive notice of a mortgage under the law of this State if the description
11 were contained in a record of the mortgage of the real property. A financing
12 statement covering timber to be cut or covering minerals or the like (including oil and
13 gas) or accounts subject to § 57A-9-301, or a financing statement filed as a fixture
14 filing where the debtor is not a transmitting utility, must show that it covers this type
15 of collateral, must recite that it is to be filed for record in the real estate records, and
16 the financing statement must contain a description of the real estate sufficient if it
17 were contained in a mortgage of the real estate to give constructive notice of the
18 mortgage under the law of this state. If the debtor does not have an interest of record
19 in the real estate, the financing statement must show the name of a record owner. No
20 description of the real estate or the name of the record owner thereof is required for
21 a fixture filing where the debtor is a transmitting utility; and

22 (4) If the debtor does not have an interest of record in the real property, provide the name
23 of a record owner.

24 (c) A record of a mortgage is effective, from the date of recording, as a financing statement

1 filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to
2 be cut only if:

3 (1) The record indicates the goods or accounts that it covers;

4 (2) The goods are or are to become fixtures related to the real property described in the
5 record or the collateral is related to the real property described in the record and is
6 as-extracted collateral or timber to be cut;

7 (3) The record satisfies the requirements for a financing statement in this section ~~other~~
8 ~~than an indication, but:~~

9 (A) The record need not indicate that it is to be filed in the real property records;
10 and

11 (B) The record sufficiently provides the name of a debtor who is an individual if
12 it provides the individual name of the debtor or the surname and first personal
13 name of the debtor, even if the debtor is an individual to whom § 57A-9-
14 503(a)(4) applies; and

15 (4) The record is recorded.

16 (d) A financing statement may be filed before a security agreement is made or a security
17 interest otherwise attaches.

18 Section 11. That § 57A-9-503 be amended to read as follows:

19 57A-9-503. (a) A financing statement sufficiently provides the name of the debtor:

20 (1) ~~If~~ Except as otherwise provided in paragraph (3), if the debtor is a registered
21 organization or the collateral is held in a trust that is a registered organization, only
22 if the financing statement provides the name of the debtor indicated that is stated to
23 be the registered organization's name on the public organic record of most recently
24 filed with or issued or enacted by the debtor's registered organization's jurisdiction

of organization which ~~shows the debtor to have been organized~~ purports to state,
amend, or restate the registered organization's name;

(2) ~~If Subject to subsection (f), if the debtor is a decedent's estate collateral is being~~
~~administered by the personal representative of a decedent,~~ only if the financing
statement provides, as the name of the debtor, the name of the decedent and, in a
separate part of the financing statement, indicates that the debtor is an estate
collateral is being administered by a personal representative;

(3) ~~If the debtor is a trust or a trustee acting with respect to property held in trust, only~~
~~if the financing statement:~~

~~(A) Provides the name specified for the trust in its organic documents or, if no~~
~~name is specified, provides the name of the settlor and additional information~~
~~sufficient to distinguish the debtor from other trusts having one or more of the~~
~~same settlors; and~~

~~(B) Indicates, in the debtor's name or otherwise, that the debtor is a trust or is a~~
~~trustee acting with respect to property held in trust collateral is held in a trust~~
that is not a registered organization, only if the financing statement:

(A) Provides, as the name of the debtor:

(i) If the organic record of the trust specifies a name for the trust, the name
so specified; or

(ii) If the organic record of the trust does not specify a name for the trust,
the name of the settlor or testator; and

(B) In a separate part of the financing statement:

(i) If the name is provided in accordance with subparagraph (A)(i),
indicates that the collateral is held in a trust; or

1 (ii) If the name is provided in accordance with subparagraph (A)(ii),
2 provides additional information sufficient to distinguish the trust from
3 other trusts having one or more of the same settlors or the same testator
4 and indicates that the collateral is held in a trust, unless the additional
5 information so indicates;

6 (4) Subject to subsection (g), if the debtor is an individual to whom this state has issued
7 a driver license that has not expired, only if it provides the name of the individual
8 which is indicated on the driver license;

9 (5) If the debtor is an individual to whom paragraph (4) does not apply, only if it
10 provides the individual name of the debtor or the surname and first personal name of
11 the debtor; and

12 ~~(4)~~ (6) In other cases:

13 (A) If the debtor has a name, only if provides the ~~individual or~~ organizational
14 name of the debtor; and

15 (B) If the debtor does not have a name, only if it provides the names of the
16 partners, members, associates, or other persons comprising the debtor in a
17 manner that each name provided would be sufficient if the person named were
18 the debtor.

19 (b) A financing statement that provides the name of the debtor in accordance with subsection
20 (a) is not rendered ineffective by the absence of:

21 (1) A trade name or other name of the debtor; or

22 (2) Unless required under subsection ~~(a)(4)(B)~~ (a)(6)(B), names of partners, members,
23 associates, or other persons comprising the debtor.

24 (c) A financing statement that provides only the debtor's trade name does not sufficiently

1 provide the name of the debtor.

2 (d) Failure to indicate the representative capacity of a secured party or representative of a
3 secured party does not affect the sufficiency of a financing statement.

4 (e) A financing statement may provide the name of more than one debtor and the name of
5 more than one secured party.

6 (f) The name of the decedent indicated on the order appointing the personal representative
7 of the decedent issued by the court having jurisdiction over the collateral is sufficient as the
8 "name of the decedent" under subsection (a)(2).

9 (g) If this state has issued to an individual more than one driver license of a kind described
10 in subsection (a)(4), the one that was issued most recently is the one to which subsection (a)(4)
11 refers.

12 (h) In this section, the "name of the settlor or testator" means:

13 (1) If the settlor is a registered organization, the name of the registered organization
14 indicated on the public organic record filed with or enacted by the registered
15 organization; or

16 (2) In other cases, the name of the settlor or testator indicated in the trust's organic
17 record.

18 Section 12. That § 57A-9-507 be amended to read as follows:

19 57A-9-507. (a) A filed financing statement remains effective with respect to collateral that
20 is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest
21 or agricultural lien continues, even if the secured party knows of or consents to the disposition.

22 (b) Except as otherwise provided in subsection (c) and § 57A-9-508, a financing statement
23 is not rendered ineffective if, after the financing statement is filed, the information provided in
24 the financing statement becomes seriously misleading under § 57A-9-506.

(c) If a debtor so changes its the name that a filed financing statement provides for a debtor becomes insufficient as the name of the debtor under § 57A-9-503(a) so that the financing statement becomes seriously misleading under § 57A-9-506:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the ~~change~~ filed financing statement becomes seriously misleading; and

(2) The financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the ~~change~~ filed financing statement becomes seriously misleading, unless an amendment to the financing statement which renders the financing statement not seriously misleading is filed within four months after ~~the change~~ that event.

Section 13. That § 57A-9-515 be amended to read as follows:

57A-9-515. (a) Except as otherwise provided in subsections (b), (e), (f), and (g), a filed financing statement is effective for a period of five years after the date of filing. Financing statements filed before July 1, 1997, are effective for a period of five years from the date of filing and thereafter for a period of sixty days.

The expiration date established by a financing statement filed prior to July 1, 1997, whether or not continued by a continuation statement shall remain in full force and effect and is not diminished by any subsequent amendments to this chapter.

(b) Except as otherwise provided in subsections (e), (f), and (g), an initial financing statement filed in connection with a manufactured-home transaction is effective for a period of thirty years after the date of filing if it indicates that it is filed in connection with a manufactured-home transaction.

(c) The effectiveness of a filed financing statement lapses on the expiration of the period of

1 its effectiveness unless before the lapse a continuation statement is filed pursuant to subsection
2 (d). Upon lapse, a financing statement ceases to be effective and any security interest or
3 agricultural lien that was perfected by the financing statement becomes unperfected, unless the
4 security interest is perfected otherwise. If the security interest or agricultural lien becomes
5 unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the
6 collateral for value.

7 (d) A continuation statement may be filed only within six months before the expiration of
8 the five-year period specified in subsection (a) or the thirty-year period specified in subsection
9 (b), whichever is applicable.

10 However, for financing statements filed before July 1, 1997, a continuation statement may
11 be filed within six months before and sixty days after the expiration of the five-year period.

12 (e) Except as otherwise provided in § 57A-9-510, upon timely filing of a continuation
13 statement, the effectiveness of the initial financing statement continues for a period of five years
14 and, for initial financing statements filed before July 1, 1997, the effectiveness of the initial
15 financing statement continues for a period of five years and sixty days, commencing on the day
16 on which the financing statement would have become ineffective in the absence of the filing.
17 Upon the expiration of the five-year period, the financing statement lapses in the same manner
18 as provided in subsection (c), unless, before the lapse, another continuation statement is filed
19 pursuant to subsection (d). Succeeding continuation statements may be filed in the same manner
20 to continue the effectiveness of the initial financing statement.

21 (f) If a debtor is a transmitting utility and a filed initial financing statement so indicates, the
22 financing statement is effective until a termination statement is filed.

23 (g) A record of a mortgage that is effective as a financing statement filed as a fixture filing
24 under § 57A-9-502(c) remains effective as a financing statement filed as a fixture filing until

1 the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the
2 real property.

3 Section 14. That § 57A-9-516 be amended to read as follows:

4 57A-9-516. (a) Except as otherwise provided in subsection (b), communication of a record
5 to a filing office and tender of the filing fee or acceptance of the record by the filing office
6 constitutes filing.

7 (b) Filing does not occur with respect to a record that a filing office refuses to accept
8 because:

9 (1) The record is not communicated by a method or medium of communication
10 authorized by the filing office;

11 (2) An amount equal to or greater than the applicable filing fee is not tendered;

12 (3) The filing office is unable to index the record because:

13 (A) In the case of an initial financing statement, the record does not provide a
14 name for the debtor;

15 (B) In the case of an amendment or ~~correction~~ information statement, the record:

16 (i) Does not identify the initial financing statement as required by § 57A-9-
17 512 or 57A-9-518, as applicable; or

18 (ii) Identifies an initial financing statement whose effectiveness has lapsed
19 under § 57A-9-515;

20 (C) In the case of an initial financing statement that provides the name of a debtor
21 identified as an individual or an amendment that provides a name of a debtor
22 identified as an individual which was not previously provided in the financing
23 statement to which the record relates, the record does not identify the debtor's
24 ~~last name~~ surname; or

1 (D) In the case of a record filed or recorded in the filing office described in § 57A-
2 9-501(a)(1), the record does not provide a sufficient description of the real
3 property to which it relates;

4 (4) In the case of an initial financing statement or an amendment that adds a secured
5 party of record, the record does not provide a name and mailing address for the
6 secured party of record;

7 (5) In the case of an initial financing statement or an amendment that provides a name
8 of a debtor which was not previously provided in the financing statement to which
9 the amendment relates, the record does not:

10 (A) Provide a mailing address for the debtor; or

11 (B) Indicate whether the name provided as the name of the debtor is the name of
12 an individual or an organization; ~~or~~

13 ~~———— (C) If the financing statement indicates that the debtor is an organization, provide:~~

14 ~~———— (i) A type of organization for the debtor;~~

15 ~~———— (ii) A jurisdiction of organization for the debtor; or~~

16 ~~———— (iii) An organizational identification number for the debtor or indicate that~~
17 ~~the debtor has none;~~

18 (6) In the case of an assignment reflected in an initial financing statement under § 57A-9-
19 514(a) or an amendment filed under § 57A-9-514(b), the record does not provide a
20 name and mailing address for the assignee; or

21 (7) In the case of a continuation statement, the record is not filed within the six-month
22 period prescribed by § 57A-9-515(d).

23 (c) For purposes of subsection (b):

24 (1) A record does not provide information if the filing office is unable to read or decipher

1 the information; and

2 (2) A record that does not indicate that it is an amendment or identify an initial financing
3 statement to which it relates, as required by § 57A-9-512, 57A-9-514, or 57A-9-518,
4 is an initial financing statement.

5 (d) A record that is communicated to the filing office with tender of the filing fee, but which
6 the filing office refuses to accept for a reason other than one set forth in subsection (b), is
7 effective as a filed record except as against a purchaser of the collateral which gives value in
8 reasonable reliance upon the absence of the record from the files.

9 Section 15. That § 57A-9-518 be amended to read as follows:

10 57A-9-518. (a) A person may file in the filing office ~~a correction~~ an information statement
11 with respect to a record indexed there under the person's name if the person believes that the
12 record is inaccurate or was wrongfully filed.

13 (b) ~~A correction~~ An information statement under subsection (a) must:

14 (1) Identify the record to which it relates by:

15 (A) The file number assigned to the initial financing statement to which the record
16 relates; and

17 (B) If the ~~correction~~ information statement relates to a record filed or recorded in
18 a filing office described in § 57A-9-501(a)(1), the date and time that the initial
19 financing statement was filed or recorded and the information specified in
20 § 57A-9-502(b);

21 (2) Indicate that it is ~~a correction~~ an information statement; and

22 (3) Provide the basis for the person's belief that the record is inaccurate and indicate the
23 manner in which the person believes the record should be amended to cure any
24 inaccuracy or provide the basis for the person's belief that the record was wrongfully

1 filed.

2 (c) A person may file in the filing office an information statement with respect to a record
3 filed there if the person is a secured party of record with respect to the financing statement to
4 which the record relates and believes that the person that filed the record was not entitled to do
5 so under § 57A-9-509(d).

6 (d) An information statement under subsection (c) must:

7 (1) Identify the record to which it relates by:

8 (a) The file number assigned to the initial financing statement to which the record
9 relates; and

10 (b) If the statement relates to a record filed or recorded in a filing office described
11 in § 57A-9-501(a)(1), the date and time that the initial financing statement was
12 filed or recorded and the information specified in § 57A-9-502(b);

13 (2) Indicate that it is an information statement; and

14 (3) Provide the basis for the person's belief that the person that filed the record was not
15 entitled to do so under § 57A-9-509(d).

16 (e) The filing of a ~~correction~~ an information statement does not affect the effectiveness of
17 an initial financing statement or other filed record.

18 Section 16. That § 57A-9-521 be amended to read as follows:

19 57A-9-521. (a) A filing office that accepts written records may not refuse to accept a written
20 initial financing statement in the following form and format except for a reason set forth in
21 § 57A-9-516(b).

1



UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only deb Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a ORGANIZATION'S NAME			
OR 1b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

2. DEBTOR'S NAME: Provide only deb Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a ORGANIZATION'S NAME			
OR 2b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only pos Secured Party name (3a or 3b)

3a ORGANIZATION'S NAME			
OR 3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

4. COLLATERAL: This financing statement covers the following collateral

5. Check <u>only</u> if applicable and check <u>only</u> one box. Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and instructions); <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public Finance Transaction <input type="checkbox"/> Manufactured Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessor/Lessor <input type="checkbox"/> Consignor/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailee <input type="checkbox"/> Licensee/Licensee	
8. OPTIONAL FILER REFERENCE DATA:	

UCC FINANCING STATEMENT (Form UCC1) (Rev. 04/20/11)

1

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because individual Debtor name did not fit, check here ☐

OR	9a. ORGANIZATION'S NAME	
	9b. INDIVIDUAL'S SURNAME	
	FIRST PERSONAL NAME	
	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c.

OR	10a. ORGANIZATION'S NAME			
	10b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

OR	11a. ORGANIZATION'S NAME	
	11b. INDIVIDUAL'S SURNAME	
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. ☐ This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable).
15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

14. This FINANCING STATEMENT:
☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing
16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad) (Rev. 04/20/11)

2

- 1 (b) A filing office that accepts written records may not refuse to accept a written record in
- 2 the following form and format except for a reason set forth in § 57A-9-516(b).

UCC FINANCING STATEMENT AMENDMENT FOLLOW INSTRUCTIONS			
A. NAME & PHONE OF CONTACT AT FILER (optional) _____ B. E-MAIL CONTACT AT FILER (optional) _____ C. SEND ACKNOWLEDGMENT TO: (Name and Address) <div style="border: 1px solid black; height: 80px; width: 100%;"></div>			
THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY			
1a. INITIAL FINANCING STATEMENT FILE NUMBER _____		1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS.	
2. <input type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement.			
3. <input type="checkbox"/> ASSIGNMENT (full or partial). Provide name of Assignee in item 7a or 7b, <u>and</u> address of Assignee in item 7c <u>and</u> name of Assignor in item 9. For partial assignment, complete items 7 and 9 <u>and</u> also indicate affected collateral in item 8.			
4. <input type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.			
5. <input type="checkbox"/> PARTY INFORMATION CHANGE: Check <u>one</u> of these two boxes: <input type="checkbox"/> Debtor <u>or</u> <input type="checkbox"/> Secured Party of record. AND Check <u>one</u> of these three boxes to: <input type="checkbox"/> CHANGE name and/or address. Complete item 6a or 6b, <u>and</u> item 7a or 7b, <u>and</u> item 7c. <input type="checkbox"/> ADD name. Complete item 7a or 7b, <u>and</u> item 7c. <input type="checkbox"/> DELETE name. Give record name to be deleted in item 6a or 6b.			
6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only <u>one</u> name (6a or 6b).			
6a ORGANIZATION'S NAME _____			
OR 6b INDIVIDUAL'S SURNAME _____ FIRST PERSONAL NAME _____ ADDITIONAL NAME(S) INITIAL(S) _____ SUFFIX _____			
7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only <u>one</u> name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name).			
7a ORGANIZATION'S NAME _____			
OR 7b INDIVIDUAL'S SURNAME _____ INDIVIDUAL'S FIRST PERSONAL NAME _____ INDIVIDUAL'S ADDITIONAL NAME(S) INITIAL(S) _____ SUFFIX _____			
7c. MAILING ADDRESS: _____ CITY _____ STATE _____ POSTAL CODE _____ COUNTRY _____			
8. <input type="checkbox"/> COLLATERAL CHANGE: <u>Also</u> check <u>one</u> of these four boxes: <input type="checkbox"/> ADD collateral <input type="checkbox"/> DELETE collateral <input type="checkbox"/> RESTATE covered collateral <input type="checkbox"/> ASSIGN collateral. Indicate collateral: _____			
9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only <u>one</u> name (9a or 9b) (name of Assignor, if this is an Assignment). If this is an Amendment authorized by a DEBTOR, check here <input type="checkbox"/> and provide name of authorizing Debtor.			
9a ORGANIZATION'S NAME _____			
OR 9b INDIVIDUAL'S SURNAME _____ FIRST PERSONAL NAME _____ ADDITIONAL NAME(S) INITIAL(S) _____ SUFFIX _____			
10. OPTIONAL FILER REFERENCE DATA: _____			

UCC FINANCING STATEMENT AMENDMENT (Form UCC3) (Rev. 04/20/11)

1

UCC FINANCING STATEMENT AMENDMENT ADDENDUM			
FOLLOW INSTRUCTIONS			
11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form			
12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 3 on Amendment form			
12a. ORGANIZATION'S NAME			
OR			
12b. INDIVIDUAL'S SURNAME			
FIRST PERSONAL NAME			
ADDITIONAL NAME(S) (INITIAL(S)) SUFFIX			
THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY			
13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see instruction item 13). Provide only Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see instructions if name does not fit			
13a. ORGANIZATION'S NAME			
OR			
13b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S) (INITIAL(S)) SUFFIX			
14. ADDITIONAL SPACE FOR ITEM 9 (Collateral):			
16. This FINANCING STATEMENT AMENDMENT		17. Description of real estate:	
<input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input type="checkbox"/> is filed as a future filing			
18. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest)			
19. MISCELLANEOUS:			

UCC FINANCING STATEMENT AMENDMENT ADDENDUM (Form UCC3Ad) (Rev. 04/20/11)

- 2 Section 17. That § 57A-9-607 be amended to read as follows:
- 3 57A-9-607. (a) If so agreed, and in any event after default, a secured party:
- 4 (1) May notify an account debtor or other person obligated on collateral to make
- 5 payment or otherwise render performance to or for the benefit of the secured party;
- 6 (2) May take any proceeds to which the secured party is entitled under § 57A-9-315;
- 7 (3) May enforce the obligations of an account debtor or other person obligated on

collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;

(4) If it holds a security interest in a deposit account perfected by control under § 57A-9-104(a)(1), may apply the balance of the deposit account to the obligation secured by the deposit account; and

(5) If it holds a security interest in a deposit account perfected by control under § 57A-9-104(a)(2) or (3), may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

(b) If necessary to enable a secured party to exercise under subsection (a)(3) the right of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in which a record of the mortgage is recorded:

(1) A copy of the security agreement that creates or provides for a security interest in the obligation secured by the mortgage; and

(2) The secured party's sworn affidavit in recordable form stating that:

(A) A default has occurred with respect to the obligation secured by the mortgage;

and

(B) The secured party is entitled to enforce the mortgage nonjudicially.

(c) A secured party shall proceed in a commercially reasonable manner if the secured party:

(1) Undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and

(2) Is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.

1 (d) A secured party may deduct from the collections made pursuant to subsection (c)
2 reasonable expenses of collection and enforcement, including reasonable attorney's fees and
3 legal expenses incurred by the secured party.

4 (e) This section does not determine whether an account debtor, bank, or other person
5 obligated on collateral owes a duty to a secured party.

6 Section 9-801. This Act takes effect on July 1, 2013.

7 Section 9-802. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
8 as follows:

9 (a) Except as otherwise provided in this part, this Act applies to a transaction or lien within
10 its scope, even if the transaction or lien was entered into or created before July 1, 2013.

11 (b) This Act does not affect an action, case, or proceeding commenced before July 1, 2013.

12 Section 9-803. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
13 as follows:

14 (a) A security interest that is a perfected security interest immediately before this Act takes
15 effect is a perfected security interest under chapter 57A-9 as amended by this Act if, when this
16 Act takes effect, the applicable requirements for attachment and perfection under chapter 57A-9
17 as amended by this Act are satisfied without further action.

18 (b) Except as otherwise provided in section 9-805 of this Act, if, immediately before this Act
19 takes effect, a security interest is a perfected security interest, but the applicable requirements
20 for perfection under chapter 57A-9 as amended by this Act are not satisfied when this Act takes
21 effect, the security interest remains perfected thereafter only if the applicable requirements for
22 perfection under chapter 57A-9 as amended by this Act are satisfied within one year after this
23 Act takes effect.

24 Section 9-804. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read

as follows:

A security interest that is an unperfected security interest immediately before this Act takes effect becomes a perfected security interest:

(1) Without further action, when this Act takes effect if the applicable requirements for perfection under chapter-57A-9 as amended by this Act are satisfied before or at that time; or

(2) When the applicable requirements for perfection are satisfied if the requirements are satisfied after that time.

Section 9-805. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read as follows:

(a) The filing of a financing statement before this Act takes effect is effective to perfect a security interest to the extent the filing would satisfy the applicable requirements for perfection under chapter 57A-9 as amended by this Act.

(b) This Act does not render ineffective an effective financing statement that, before this Act takes effect, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in chapter 57A-9 as it existed before the effective date of this Act. However, except as otherwise provided in subsections (c) and (d) and section 9-806 of this Act, the financing statement ceases to be effective:

(1) If the financing statement is filed in this state, at the time the financing statement would have ceased to be effective had this Act not taken effect; or

(2) If the financing statement is filed in another jurisdiction, at the earlier of:

(A) The time the financing statement would have ceased to be effective under the law of that jurisdiction; or

(B) June 30, 2018.

1 (c) The filing of a continuation statement after this Act takes effect does not continue the
2 effectiveness of a financing statement filed before this Act takes effect. However, upon the
3 timely filing of a continuation statement after this Act takes effect and in accordance with the
4 law of the jurisdiction governing perfection as provided in chapter 57A-9 as amended by this
5 Act, the effectiveness of a financing statement filed in the same office in that jurisdiction before
6 this Act takes effect continues for the period provided by the law of that jurisdiction.

7 (d) Subsection (b)(2)(B) applies to a financing statement that, before this Act takes effect,
8 is filed against a transmitting utility and satisfies the applicable requirements for perfection
9 under the law of the jurisdiction governing perfection as provided in chapter 57A-9 as it existed
10 prior to this Act, only to the extent that chapter 57A-9 as amended by this Act provides that the
11 law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs
12 perfection of a security interest in collateral covered by the financing statement.

13 (e) A financing statement that includes a financing statement filed before this Act takes
14 effect and a continuation statement filed after this Act takes effect is effective only to the extent
15 that it satisfies the requirements of §§ 57A-9-501 to 57A-9-530, inclusive, as amended by this
16 Act for an initial financing statement. A financing statement that indicates that the debtor is a
17 decedent's estate indicates that the collateral is being administered by a personal representative
18 within the meaning of § 57A-9-503(a)(2) as amended by this Act. A financing statement that
19 indicates that the debtor is a trust or is a trustee acting with respect to property held in trust
20 indicates that the collateral is held in a trust within the meaning of § 57A-9-503(a)(3) as
21 amended by this Act.

22 Section 9-806. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
23 as follows:

24 (a) The filing of an initial financing statement in the office specified in § 57A-9-501

continues the effectiveness of a financing statement filed before this Act takes effect if:

- (1) The filing of an initial financing statement in that office would be effective to perfect a security interest under chapter 57A-9 as amended by this Act;
- (2) The pre-effective-date financing statement was filed in an office in another state; and
- (3) The initial financing statement satisfies subsection (c).

(b) The filing of an initial financing statement under subsection (a) continues the effectiveness of the pre-effective-date financing statement:

- (1) If the initial financing statement is filed before this Act takes effect, for the period provided in unamended § 57A-9-515 as found prior to July 1, 2015, with respect to an initial financing statement; and
- (2) If the initial financing statement is filed after this Act takes effect, for the period provided in § 57A-9-515 as amended by this Act with respect to an initial financing statement.

(c) To be effective for purposes of subsection (a), an initial financing statement must:

- (1) Satisfy the requirements of §§ 57A-9-501 to 57A-9-530, inclusive, as amended by this Act for an initial financing statement;
- (2) Identify the pre-effective-date financing statement by indicating the office in which the financing statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of the most recent continuation statement filed with respect to the financing statement; and
- (3) Indicate that the pre-effective-date financing statement remains effective.

Section 9-807. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read as follows:

- (a) In this section, "pre-effective-date financing statement" means a financing statement filed

1 before this Act takes effect.

2 (b) After this Act takes effect, a person may add or delete collateral covered by, continue or
3 terminate the effectiveness of, or otherwise amend the information provided in, a
4 pre-effective-date financing statement only in accordance with the law of the jurisdiction
5 governing perfection as provided in chapter 57A-9 as amended by this Act. However, the
6 effectiveness of a pre-effective-date financing statement also may be terminated in accordance
7 with the law of the jurisdiction in which the financing statement is filed.

8 (c) Except as otherwise provided in subsection (d), if the law of this state governs perfection
9 of a security interest, the information in a pre-effective-date financing statement may be
10 amended after this Act takes effect only if:

11 (1) The pre-effective-date financing statement and an amendment are filed in the office
12 specified in § 57A-9-501;

13 (2) An amendment is filed in the office specified in § 57A-9-501 concurrently with, or
14 after the filing in that office of, an initial financing statement that satisfies section 9-
15 806(c) of this Act; or

16 (3) An initial financing statement that provides the information as amended and satisfies
17 section 9-806(c) of this Act is filed in the office specified in § 57A-9-501.

18 (d) If the law of this state governs perfection of a security interest, the effectiveness of a
19 pre-effective-date financing statement may be continued only under section 9-805(c) and (e)
20 of this Act or section 9-806 of this Act.

21 (e) Whether or not the law of this state governs perfection of a security interest, the
22 effectiveness of a pre-effective-date financing statement filed in this state may be terminated
23 after this Act takes effect by filing a termination statement in the office in which the
24 pre-effective-date financing statement is filed, unless an initial financing statement that satisfies

1 section 9-806(c) of this Act has been filed in the office specified by the law of the jurisdiction
2 governing perfection as provided in chapter 57A-9 as amended by this Act as the office in which
3 to file a financing statement.

4 Section 9-808. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
5 as follows:

6 A person may file an initial financing statement or a continuation statement under this part
7 if:

8 (1) The secured party of record authorizes the filing; and

9 (2) The filing is necessary under this part:

10 (A) To continue the effectiveness of a financing statement filed before this Act
11 takes effect; or

12 (B) To perfect or continue the perfection of a security interest.

13 Section 9-809. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
14 as follows:

15 This Act determines the priority of conflicting claims to collateral. However, if the relative
16 priorities of the claims were established before this Act takes effect, chapter 57A-9-as it existed
17 before July 1, 2013 determines priority.

State of South Dakota

EIGHTY-SEVENTH SESSION LEGISLATIVE ASSEMBLY, 2012

842T0257

HOUSE ENGROSSED NO. **HB 1075** - 2/1/2012

Introduced by: Representatives Conzet, Feinstein, Hansen (Jon), Hawley, Kirkeby, Lust, Moser, Rausch, Sly, Solum, Verchio, and Willadsen and Senators Rave, Cutler, Kraus, Maher, and Rhoden

1 FOR AN ACT ENTITLED, An Act to allow certain property tax documents to be transmitted
2 electronically.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-6-50 be amended to read as follows:

5 10-6-50. The director of equalization shall mail or transmit electronically a notice of
6 assessment to each property owner not later than March first. The secretary of revenue shall
7 prescribe uniform information which shall be used by the director of equalization for
8 notification of property owners as required by this section.

9 Section 2. That § 10-21-1.1 be amended to read as follows:

10 10-21-1.1. The county treasurer shall ~~send~~ mail or transmit electronically a written tax bill
11 to each taxpayer against whom a property tax has been assessed. Property tax bills sent to
12 taxpayers may reflect the breakdown of the tax by tax levies. The property tax bill shall also
13 separately state the amount of any taxes due as a result of a local decision to exceed the tax
14 increase limits set forth in § 10-13-36 or 10-12-43 and shall be marked by an asterisk. The



1 notice shall include the statement: "INDICATES A LOCAL DECISION TO OPT OUT OF THE
2 TAX LIMITATION." If the local vote to increase taxes had not passed, your taxes would not
3 have included the items marked with an asterisk (*). If the treasurer does not mail the property
4 tax receipts described in § 10-21-14, the treasurer shall indicate in the property tax bill or a
5 notice enclosed with the bill that the treasurer does not intend to send a receipt unless requested
6 by the taxpayer. The county treasurer shall provide to a taxpayer a tax levy sheet, if the tax levy
7 breakdown is not shown on the tax bill, or upon the taxpayer's request. The annual levy sheet
8 shall contain an example of the computation of the total tax for an individual. The secretary of
9 revenue shall prescribe a uniform form which shall be used by the county treasurer for
10 notification of taxpayers as required by this section.

11 Section 3. That § 10-22-1 be amended to read as follows:

12 10-22-1. Between the first and fifteenth day of November in each year, the county treasurer
13 shall prepare and mail or transmit electronically a statement to each person owing mobile home
14 taxes or taxes on a building located on a leased site which are delinquent, except those entered
15 on the uncollectible mobile home tax list or owing by persons known to the treasurer to be dead.
16 The statement shall show the amount of the delinquent mobile home taxes or delinquent taxes
17 on a building located on a leased site computed to the date of the statement and shall notify the
18 person owing the delinquent taxes that unless the delinquent taxes are paid in full on or before
19 the thirtieth day of November, a penalty of one dollar shall be added each year to the delinquent
20 taxes and a notice of the delinquent taxes shall be published in the official newspapers of the
21 county during the week next preceding the third Monday in December.

22 Section 4. That § 10-23-2.2 be amended to read as follows:

23 10-23-2.2. If any of the following persons has annually, on or before November fifteenth,
24 on a form prescribed by the Department of Revenue:

1 (1) Requested that a notice of sale of the real property be sent to him or her by mail or
2 by electronic means; and

3 (2) Paid a three dollar fee to the county treasurer to cover the cost of sending the notice,
4 if requested to be sent by mail,

5 the county treasurer shall, in addition to the notice required by § 10-23-2, send the notice of sale
6 containing the information set forth in § 10-23-3 to the person in possession of the real property,
7 the person in whose name the property is taxed, the mortgagee named in any unsatisfied
8 mortgage then in force upon the real property, and, if the mortgage has been assigned, to the
9 assignee of the mortgage and to any other person who has or claims an interest in the real estate.

10 The county treasurer shall send the notice of sale by certified mail, if requested to be sent
11 by mail, to such person at the address as shown on the form. The notice shall contain the
12 information set forth in § 10-23-3 and shall be mailed or transmitted electronically at least
13 fourteen days before the date of sale.

14 Section 5. That § 10-23-2.1 be amended to read as follows:

15 10-23-2.1. In addition to the notice required by § 10-23-2, the county treasurer shall send
16 the notice containing the information set forth in §§ 10-23-2.5 and 10-23-3 by first class mail
17 or by electronic means to:

18 (1) Any owner of the real property at the owner's last known address;

19 (2) Any person holding a special assessment certificate which is a lien upon the real
20 estate;

21 (3) If bonds have been issued in lieu of assessments certificates, to the holder of the bond
22 last maturing; and

23 (4) If the property is located in a municipality, to the auditor, clerk, or finance officer of
24 the municipality.

1 The county treasurer shall mail or transmit electronically the notice at least fourteen days
2 before the day of sale. The county treasurer shall certify, on the tax certificate record book for
3 that tax year, that notice was given in the manner prescribed by this section.

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

267T0628

HOUSE JUDICIARY ENGROSSED NO. **HB 1132** 1/30/2012

Introduced by: Representatives Rausch, Cronin, Gosch, Hoffman, Hunt, Wick, and
Willadsen and Senators Olson (Russell), Brown, Gray, Rave, and Rhoden

1 FOR AN ACT ENTITLED, An Act to prohibit businesses and employers from establishing
2 certain policies against the ability of an invitee or employee to store firearms and
3 ammunition in a locked motor vehicle parked on the premises.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. No business or other public or private employer may establish, maintain, or
6 enforce a policy or rule that prohibits any person from transporting or storing, on any area
7 provided for invitee or employee parking, a firearm or ammunition if the person is otherwise
8 in compliance with all applicable state laws and regulations, and the firearm or ammunition is
9 locked out of sight within the trunk, glove box, or other enclosed compartment or area within
10 a privately-owned motor vehicle.

11 Section 2. Any person who is legally entitled to transport or store a firearm or ammunition,
12 but is denied the opportunity to do so by a policy or rule prohibited by section 1 of this Act, may
13 bring a civil action in the appropriate court to enjoin any business entity or other public or
14 private employer from violating section 1 of this Act. In any action brought pursuant to this



1 section, court costs and attorney fees shall be awarded to the prevailing plaintiff.

2 Section 3. Any employee discharged by any business or other public or private employer for
3 a violation of a policy or rule prohibited by section 1 of this Act, if the employee was lawfully
4 transporting or storing a firearm or ammunition out of plain sight in a locked motor vehicle, is
5 entitled to the recovery of the following:

- 6 (1) Reinstatement to the same position held at the time of the employee's termination
7 from employment, or to an equivalent position;
- 8 (2) Reinstatement of the employee's full fringe benefits and seniority rights;
- 9 (3) Compensation for lost wages, benefits, or other lost remuneration caused by the
10 termination; and
- 11 (4) Payment of reasonable attorney's fees and legal costs incurred.

12 Section 4. No business or other public or private employer may be held liable in any civil
13 action for damages, injuries, or death resulting from or arising out of another person's actions
14 involving a firearm or ammunition transported or stored pursuant to this Act, including the theft
15 of a firearm from an employee's or invitee's automobile, unless the business or other public or
16 private employer solicited or procured the injurious actions.

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

965T0322

HOUSE EDUCATION ENGROSSED NO. **HB 1195** - 1/30/2012

Introduced by: Representatives Sly, Boomgarden, Brunner, Elliott, Fargen, Haggar, Moser, Nelson (Stace), Perry, and Tulson and Senators Brown, Bradford, Frerichs, Gray, Holien, Kraus, Maher, Olson (Russell), Rave, and Rhoden

1 FOR AN ACT ENTITLED, An Act to authorize the collection of fees for certain educational
2 programming and services, and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-8-50 be amended to read as follows:

5 13-8-50. The school board may provide programming before ~~and~~ or after the regular school
6 programming term or school day, including weekends, for children who are of school age and
7 are enrolled in a school within the district and may charge a fee therefor. However, the
8 programming provided by a school district for which a fee may be charged pursuant to this
9 section does not include any high school extracurricular activity.

10 Section 2. That § 13-28-5 be amended to read as follows:

11 13-28-5. The privileges of the public schools of any district shall be free to all persons with
12 school residence within the district until they complete the secondary school program or until
13 they reach the age of twenty-one. However, except as otherwise prohibited by law, schools may
14 charge a fee for early childhood services for any child who is under the age of compulsory



1 attendance pursuant to § 13-27-1 and is not enrolled in kindergarten or a more advanced grade.

2 Section 3. Any fees paid to a school district under the provisions of this Act shall be
3 deposited into the school district's public enterprise fund enumerated in § 13-16-2.

4 Section 4. Whereas, this Act is necessary for the support of the state government and its
5 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in
6 full force and effect from and after its passage and approval.